



# VIRGINIA FOUNDATION FOR HEALTHY YOUTH

## REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2015

Auditor of Public Accounts  
Martha S. Mavredes, CPA

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## AUDIT SUMMARY

Our audit of the Virginia Foundation for Healthy Youth (Foundation) for the fiscal year ended June 30, 2015, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System and the Foundation's financial system;
- no matters involving internal control and its operation necessary to bring to management's attention;
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported; and
- adequate corrective action with respect to the audit finding reported in the prior year.

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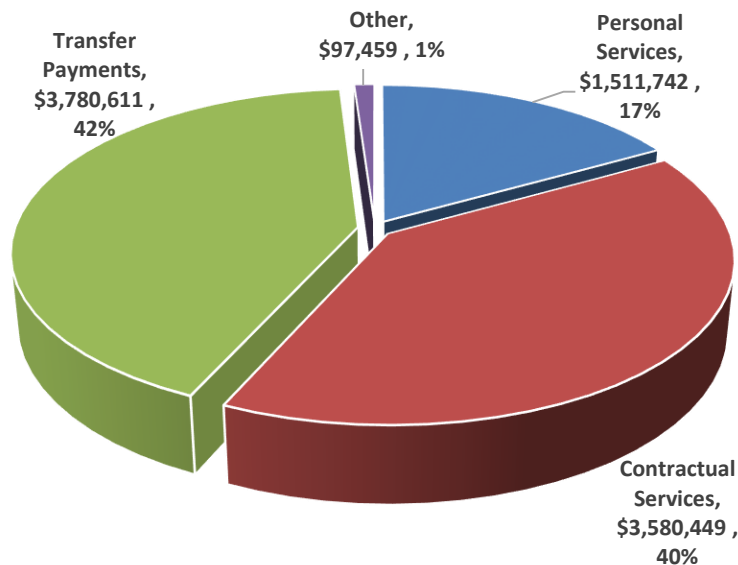
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## FOUNDATION HIGHLIGHTS

The Foundation annually receives 8.5 percent of the Commonwealth of Virginia's portion of funds from the Master Settlement Agreement with tobacco manufacturers, which is its primary source of revenue. A Board of Trustees (Board), comprised of 23 members, governs and administers the Foundation. The Board establishes the Foundation's budget and sets criteria and procedures for distributing money from the Virginia Tobacco Settlement Fund. The Foundation uses its' funding to finance educational and awareness programs on the health effects of tobacco use and obesity on youth. The Foundation also uses funds to conduct research related to the prevention of tobacco use among youth.

A breakdown of the Foundation's expenses for fiscal year 2015 by type are presented below. The top three expense types are transfer payments (grants), contractual services (contracts), and personal services (payroll).

### Foundation Expenses for the Fiscal Year Ended June 30, 2015



Source – Commonwealth Accounting and Reporting System

The Department of Health (Health) acts as the fiscal agent for the Foundation and provides fiscal and payroll services. The two agencies have an agreement which was updated during fiscal year 2015 to transfer the responsibility to the Foundation for review of payroll transactions and Virginia Retirement System (VRS) reconciliations and certifications. Health continues to be responsible for payroll preparation and reconciliations between the Commonwealth's Integrated Payroll and Personnel System and the Commonwealth Accounting and Reporting System. In addition, Health enters all other financial transactions into the Commonwealth Accounting and Reporting System.



Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

February 12, 2016

The Honorable Terence R. McAuliffe  
Governor of Virginia

The Honorable Robert D. Orrock, Sr.  
Vice-Chairman, Joint Legislative Audit  
and Review Commission

We have audited the financial records and operations of the **Virginia Foundation for Healthy Youth** for the year ended June 30, 2015. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **Audit Objectives**

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System and the Foundation's financial system, review the adequacy of the Foundation's internal controls, test compliance with applicable laws, regulations, contracts, and grant agreements and review corrective action of the audit finding from the prior year reports.

## **Audit Scope and Methodology**

The Foundation's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws, regulations, contracts, and grant agreements.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Master Settlement Agreement revenue  
Contract and grant management  
Contract and grant expenses  
Payroll and related expenses

We performed audit tests to determine whether the Foundation's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws, regulations, contracts, and grant agreements. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of the Foundation's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

### **Conclusions**

We found that the Foundation properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System and the Foundation's financial system. The Foundation records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted no matters involving internal control and its operation that we consider necessary to be reported to management. The results of our tests of compliance with applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Foundation has taken adequate corrective action with respect to the audit finding reported in the prior year that is not repeated in this letter.

### **Exit Conference and Report Distribution**

We discussed this report with management on February 22, 2016.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

LCW/clj

## FOUNDATION OFFICIALS

Marty Kilgore, Executive Director

Sandy L. Chung, M.D., Chairman

Delegate John M. O'Bannon, III, M.D., Vice - Chairman

Valerie L. Bowman, M.D., FAAP

January Britt

Teresa Gardner, DNP, MSN, FNP-BC, FAANP

The Honorable Thomas A. Garrett, Jr.

The Honorable T. Scott Garrett, M.D.

Glory Gill

Andrew Goodwin

Sarah Bedard Holland

Kris Kennedy, M.D., FACOG

Ritsu Kuno, M.D., FCCP

Robert Leek

Thomas L'Ecuyer, M.D.

Marissa Levine, M.D.

Sarah Tollison Melton, PharmD

The Honorable John Miller

Jeffrey L. Painter

Kristina N. Powell, M.D.

Vineeta Shah, MHS, R.D.

India Y. Sisler, M.D.

### Youth Members

Laura Beamer

Jimmy Jankowski